

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Behavioral Health	(2) MEETING DATE 9/11/2012	(3) CONTACT/PHONE Kimberly Miramon, Behavioral Health CFO, 788-2932	
(4) SUBJECT Request to approve 1) a contract with the State Department of Health Care Services for the period April 1, 2012 through December 31, 2012 in the amount of \$19,720,291 which names the County as the Mental Health Plan for purposes of providing specialty mental health services to Medi-Cal beneficiaries of San Luis Obispo County; and 2) a Hold Harmless Agreement with the Department of Health Care Services in order for the State to obtain Federal Medicaid funds for unsponsored clients under the Safety Net Care Pool through the 1115 Waiver.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ul style="list-style-type: none"> 1) Approve and direct the Chairperson to sign a contract with the State Department of Health Care Services for the period April 1, 2012 through December 31, 2012 in the amount of \$19,720,291 which names the County as the Mental Health Plan for purposes of providing specialty mental health services to Medi-Cal beneficiaries of San Luis Obispo County; and 2) Approve and direct the Chairperson to sign a Hold Harmless agreement with the State Department of Health Care Services in order for the State to obtain Federal Medicaid funds for unsponsored clients under the Safety Net Care Pool through the Section 1115 Waiver. 			
(6) FUNDING SOURCE(S) Medi-Cal	(7) CURRENT YEAR FINANCIAL IMPACT \$19,720,291.00	(8) ANNUAL FINANCIAL IMPACT \$19,720,291.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Jeff Hamm, Health Agency Director
Karen Baylor, Ph.D., MFT, Behavioral Health Services Administrator

DATE: 9/11/2012

SUBJECT: Request to approve 1) a contract with the State Department of Health Care Services for the period April 1, 2012 through December 31, 2012 in the amount of \$19,720,291 which names the County as the Mental Health Plan for purposes of providing specialty mental health services to Medi-Cal beneficiaries of San Luis Obispo County; and 2) a Hold Harmless Agreement with the Department of Health Care Services in order for the State to obtain Federal Medicaid funds for unsponsored clients under the Safety Net Care Pool through the 1115 Waiver.

RECOMMENDATION

It is recommended that the Board:

- 1) Approve and direct the Chairperson to sign a contract with the State Department of Health Care Services for the period April 1, 2012 through December 31, 2012 in the amount of \$19,720,291 which names the County as the Mental Health Plan for purposes of providing specialty mental health services to Medi-Cal beneficiaries of San Luis Obispo County; and
- 2) Approve and direct the Chairperson to sign a Hold Harmless agreement with the State Department of Health Care Services in order for the State to obtain Federal Medicaid funds for unsponsored clients under the Safety Net Care Pool through the Section 1115 Waiver.

DISCUSSION

In accordance with the provisions of Part 2.5 (commencing with Section 5775) of Division 5 of the Welfare and Institutions (W&I) Code, it directs the State to implement and administer the Managed Mental Health Care for Medi-Cal eligible residents of California. The contract before your Board reaffirms the County as the Mental Health Plan for San Luis Obispo County Medi-Cal beneficiaries, which outlines the protocols as the managed care plan for Medi-Cal beneficiaries when they need specialty mental health services. The contract also facilitates access to Federal Medicaid funds as a source for reimbursement of services.

Previous to this contract, the State Department of Mental Health (DMH) and County executed similar agreements annually. The last agreement expired June 30, 2010. The State has been working with the Centers for Medicaid and Medicare (CMS), a Federal agency, to realign State practices and policies with Federal regulations. The Counties throughout the State have been acting in good faith and following the terms and conditions of the last agreement, recognizing the State was working diligently to produce a contract once required changes were ratified by the CMS.

Effective July 1, 2012, through the passage of Assembly Bill 102, the state administrative functions for Medi-Cal specialty mental health managed care and the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program, and applicable functions related to federal Medicaid requirements transferred to the State Department of Health Care Services (DHCS). Because of AB 102 and other legislative changes, the State began early 2012 with the intent to facilitate an executed contract with the Counties before June 30, 2012. The contract was initially crafted to begin in April 2012 and end in June 30, 2012. But due to delays in CMS approvals and other challenges, the contract before your Board was not provided to the Counties until early June 2012. The State then agreed to construct the contract to end December 31,

2012, in order to provide time at the State level to further amend the contract based on the adoption of the Fiscal Year 2012-2013 Budget Act and to facilitate future CMS approvals on outstanding issues. An amendment to the contract with the State Department of Health Care Services is expected by Fall 2012 to extend the contractual relationship an additional 18 months, through June 30, 2014.

Most of the changes in the contract are based on aligning with Federal requirements as they relate to the administrative functions of a Medicaid program. The legislative changes do not affect the services provided to the Medi-Cal beneficiaries. For instance, language was added to the contract to indicate that the County may claim the full cost of providing eligible services, which the State had previously administratively capped, precluding Counties from claiming available Federal Medicaid funds.

The State continues to work with CMS to remedy the claiming protocols and ensure the appropriate measures and systems are in place for Counties to claim appropriate federal Medicaid funds.

The second recommended agreement with DHCS, referred to as the Hold Harmless Agreement, allows the State to access additional federal funds made available by California's current Section 1115 Waiver, approved by CMS and effective November 2010. The Waiver contains special terms and conditions that allows the State to claim federal financial participation for the cost of services provided, by counties, to individuals who are not currently Medi-Cal eligible, but who are expected to become eligible in January 2014 via the Medicaid expansion portion of the federal Patient Protection and Affordable Care Act. These federal funds are available because total expenditures under the Low Income Health Programs (LIHPs) established collectively in most counties, which draw a 50% federal match, have not reached levels initially projected by the State and CMS. While those expenditures were made by counties (outside of LIHPs), counties are not eligible to draw funds from this source. The State is requesting counties' agreement to allow the State to use or claim the counties' local expenditures to obtain the federal funding. The intent of the agreement is to hold the County harmless in any federal disallowance that might result from the State's efforts.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has approved the contract as to form and legal effect.

FINANCIAL CONSIDERATIONS

The FY 2012-13 Adopted Budget includes \$10.9 million in Medi-Cal Federal Financial Participation (FFP) revenue. State Department of General Services (DGS) requires an amount be included in the contract which was not included in the previous State agreements. Medicaid is a service driven revenue stream that does not have limits on claiming and receiving FFP revenue. In order for an amount to be derived for the contract and not run the risk of having to prepare contract amendments if the contract amount is reached, the State inflated the contract amount in order to facilitate the continued flow of FFP to the counties.

AB 1297, which amends, repeals, and adds to the Welfare & Institutions Code, was enacted to ensure California accesses all available federal Medicaid funds by aligning with federal regulation to maximize federal reimbursement.

The Department submits monthly claims requesting reimbursement for mental health services provided to Medi-Cal beneficiaries. The State passes through federal funds reimbursing the County for 50% of the amount claimed. Previous to AB 1297, the State administratively limited the amount allowed to claim per minute, referred to as the State Maximum Allowance (SMA). Since the cost of delivering the services is greater than the SMA, Realignment and General Fund provided for the match plus the additional cost per minute over the SMA. With the passage of AB 1297, the SMA language was removed and now provides the ability to bill Medicaid for costs of providing mental health services. The FFP remains at 50% of the amount claimed so the need for Realignment and General fund that was previously needed to cover the cost over the SMA is now reduced. The estimated increase of FFP for FY 2012-13 is approximately \$1 million.

RESULTS

For FY 11-12, the Department provided billable services to 3,848 Medi-Cal beneficiaries. It is anticipated the Department will continue to provide services at least at this level. The number of beneficiaries served is comparable to same size counties in the State.

The DHCS contract to facilitate the County serving as the Mental Health Plan for Medi-Cal beneficiaries will allow the Department to work in collaboration with the community to provide services necessary to improve and maintain the health and safety of individuals and families affected by mental illness. The contract with DHCS will also provide Medi-Cal beneficiaries services that are designed to assist in the recovery process to achieve the highest quality of life by providing culturally competent, strength based, and client and family centered strategies utilizing best practices. The programs combined contribute to the Department's effort to help achieve the County's vision of a safe and healthy community.

ATTACHMENTS

1. Hold Harmless Agreement for DHCS
2. DHCS Contract 2012